

To Members of the California State Assembly:

I am returning Assembly Bill 2586 without my signature.

This bill would require new owners of foreclosed properties to assume the responsibility of returning the renters' security deposits that were part of a rental agreement made between the landlord and tenant before foreclosure.

I believe this bill is inequitable and fundamentally changes existing provisions in law because it would sign liability to the successor in interest for money never received and for actions not under its control. New owners who acquire property through foreclosure, who never signed an agreement with the tenant, should not be required to take over the legal obligations of the previous owner, including an obligation to return security deposits. As a result, this bill may increase costs and discourage purchases of foreclosed properties, and thus delay economic recovery in California.

Additionally this year, I have signed several other measures to strengthen tenant notifications and rights during foreclosure proceedings, including SB 1137, which, among other things, doubled the amount of time that tenants have to find a new home before they must vacate foreclosed property.

For these reasons, I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger